

CHESHIRE FIRE AUTHORITY

MEETING OF : FIRE AUTHORITY
DATE : 21st SEPTEMBER 2016
REPORT OF : HEAD OF LEGAL AND DEMOCRATIC SERVICES
AUTHOR : ANDREW LEADBETTER

SUBJECT : BLUE LIGHT COLLABORATION UPDATE

Purpose of Report

1. This report provides further information about the Blue Light Collaboration (BLC) Programme involving Cheshire Constabulary (CC) and Cheshire Fire and Rescue Service (CFRS).
2. It also seeks Member approval to:

Changes to the BLC Programme that was approved by the Fire Authority in December 2015;

Enter into the Programme Collaboration Agreement and the Multi-Force Shared Service documentation.

Note:

This report has been written on the basis that Members will decide to retain the Sadler Road site for the CFRS training requirements as this seems to be inevitable.

Recommended: That Members

- [1] Agree the revised scope of the BLC Programme;
- [2] Note the current implementation budget for the BLC Programme;
- [3] Agree the requirement to fund the BLC Programme;
- [4] Note the situation regarding savings from the BLC Programme;
- [5] Note the position concerning the BLC Programme documentation; and
- [6] Authorise the Head of Legal and Democratic Services to enter into the Programme Collaboration Agreement and Multi-Force Shared Service documentation when he is satisfied with the terms.

Background

3. The aspiration for the BLC Programme was summarised in the following paragraph:

By April 2018 Cheshire Constabulary and Cheshire Fire and Rescue Service will have shared back office support functions delivered from a single shared headquarters site.

4. The Fire Authority decided to proceed with BLC at its meeting in December 2015. It resolved to:
 - Agree the scope of the BLC Programme
 - Note the implementation budget for the BLC Programme
 - Agree the approach to the funding of the BLC Programme
 - Agree the approach to the apportionment of costs and resultant savings from the BLC Programme
 - Confirm the decision-making arrangements associated with the BLC Programme (including decisions that were reserved)
5. Since the Fire Authority decided to proceed a number of changes have occurred which have impacted upon the BLC Programme and require further consideration by Members. There has also been considerable progress with the BLC Programme.

Information

Introduction

6. The sections of this report which appear below follow key elements of the structure of the report to the Fire Authority in December 2015 (the December report).

Rationale for BLC

7. The December report contained a list of reasons why it was believed that the Service needed to change: funding reductions; staff reductions causing concerns about resilience; and the protection of front-line services.
8. The December report also set out a number of reasons why collaboration with CC was appropriate: the same operational area allowing the Authority to maintain the 'Cheshire footprint'; location making amalgamation of teams and headquarters relatively simple; the availability of funding through the Police Innovation Fund; access to the CC shared service arrangement which had capacity to handle the Service's needs; the impending duty to collaborate across the emergency services; and the benefits outlined in the Business Case.

What has changed?

9. Funding from the Police Innovation Fund has not been forthcoming and not all of the benefits outlined in the Business Case will be achieved, e.g. a reduction in the carbon footprint will be a greater challenge with the retention of the Sadler Road site. An application has recently been submitted for Police Transformation Funding. However, this report assumes that no funding will be forthcoming.

Scope of BLC Programme

10. The December report confirmed that the BLC Programme would include the following areas within its first tranche of work:

- Relocation of CFRS headquarters functions to Clemonds Hey;
- Creation of a joint vehicle workshop and associated parking;
- CFRS joining the Multi-Force Shared Service
- The creation of joint back office departments delivering functions to both organisations;
- The identification and agreement of opportunities for co-location across the operational estate;
- Decommissioning of appropriate organisation systems;
- The re-provision of all remaining business areas currently provided at CFRS HQ.

What has changed?

11. The retention of the Sadler Road site. This has a significant impact upon the BLC Programme. As far as the Scope is concerned the first and last bullet points set out above will not be achieved: training and other operational departments and staff will remain at Sadler Road. The matters covered in the other bullet points will continue to be pursued as part of the BLC Programme.

12. The following areas remain outside the scope of the BLC Programme:

- A single command team;
- The development of proposals for joint community safety activities and functions – this is being developed through a separate programme of work;
- Front line services;
- Delivery of operational training;
- Wholesale outsourcing/merger;
- CFRS Democratic Services;
- Section 151 and Monitoring Officers;
- Cheshire Constabulary Professional Standards Department;
- Single organisational governance under the Police & Crime Commissioner.

Relationship and the BLC Programme Documentation

13. The December report included the following paragraph:

Given the investment that needs to be made in order to deliver the BLC Programme and maintain the relationship it is essential that the following matters are properly documented prior to legal commitment:

- (i) The way that the BLC Programme will be delivered and the parties' obligations and responsibilities;*
- (ii) The interest that CFRS will have in the MFSS;*
- (iii) The way that non-MFSS collaborative arrangements will be created, operate and be managed;*
- (iv) The parties' obligations and responsibilities in relation to the joint use of any assets, e.g. the Clemonds Hey HQ; and*
- (v) The ongoing financial arrangements.*

14. The December report envisaged the documentation associated with the BLC Programme being completed by the 31st March 2016.

What has changed?

15. The matters listed above have not all been captured in legal documentation at this point as it has not been possible to finalise all aspects of the BLC. This means that there will be significant financial commitment at a time when there are a number of outstanding issues.

16. There is a near-final Programme Collaboration Agreement which goes a considerable way towards covering the requirements in point (i) in paragraph 13. It describes the key objectives, principles, scope and governance structures associated with the BLC Programme as well as defining the roles and responsibilities of the parties. This is the only legal document that will be in place when commitment is made to secure changes to the Clemonds Hey site. The document envisages a Further Collaboration Agreement which will deal with how the future relationship operates and is managed. The Programme Collaboration Agreement allows the parties to terminate the BLC Programme if agreement cannot be reached on the terms of the Further Collaboration Agreement (with the parties normally expected to share any abortive costs in the following proportions – CC 75% : 25% CFRS).

17. The structure of the documentation governing the Authority's relationship with the other parties to the Multi-Force Shared Service (MFSS) already exists (point ii. in paragraph 13) and appears to provide a sound basis for an ongoing relationship. However, at this stage it is not clear what the cost of the service will be as there are ongoing discussions about the method of delivering the arrangement and the solution that will best serve all of the parties to the MFSS. This is causing a delay to the delivery of this aspect of the BLC Programme.

18. Work to create the non-MFSS joint support services is progressing and will shortly help inform the relevant documentation to describe how the relationship will operate and be managed. This is focusing on the creation of appropriate joint structures and adequate descriptions of service levels. This will ultimately lead to a comprehensive set of documents covering point (iii) in paragraph 13.
19. One of the main assets to be 'shared' was the Clemonds Hey site. However, the retention of Sadler Road means that the proposed 'equity share' offered by the previous Police and Crime Commissioner no longer appears to be necessary or justified. CFRS will retain its asset and will simply have a sub-lease of any fire-specific parts of the Clemonds Hey site (which will in fact be a very small area). The terms of the sub-lease should not be controversial. (point (iv) in paragraph 13).
20. Officers are still working on the financial arrangements that will underpin the BLC. These will be contained in the Further Collaboration Agreement mentioned above (point (v) in paragraph 13).

Financial Aspects of BLC Collaboration

Implementation Costs

21. The December report stated that the total implementation costs were anticipated to be just over £6.6m. They were reported in a table that is replicated below:

Programme Activities	Breakdown of Activities	£m
HQ Move	Extension of Vehicle Maintenance Facilities	3.90
	Extension of Stores	
	Reconfiguration of Office Space	
	Re-provision of Fire Operational Training	
ICT Move	Phase 1 – Staff Convergence at Clemonds Hey	0.40
	Phase 2 – Staff Convergence at Clemonds Hey	
MFSS Implementation	System Integration	1.45
	Licences	
Service Integration	Redundancy Costs	0.18
Project Management	Provisional Sum	0.69
	Contingency	
Total	£6.6m	

What has changed?

22. The decision to retain Sadler Road effectively 'removes' the £2m earmarked for the 'Re-provision of Fire Operational Training' from the original implementation costs. However, rather than the implementation costs now standing at £4.6m, they are currently being reported at circa £5.5m as other elements have increased since the December report e.g.

the 'ICT Move' is now £0.75m. It is fair to say that there remain a number of uncertainties surrounding the implementation costs. However, the figure of £5.5m does now contain elements that have firm figures associated with them.

Contributions Towards Implementation Costs

23. Responsibility for the proportions of the implementation costs has not changed:

CC	CFRS
75%	25%

Funding of Implementation Costs

24. The December report envisaged income from the sale of Sadler Road and an adjacent piece of land owned by CC. It also anticipated Police Innovation Funding. Overall it was hoped that the vast majority of the then reported £6.6m of implementation costs would be funded without using CFRS or CC reserves.

What has changed?

25. As Sadler Road will not be sold, this may well impact on CC's ability to sell its adjacent land. As mentioned above Police Innovation Funding was not forthcoming. At this point it would appear prudent not to account for any funding. Therefore, the BLC Programme is expected to be funded from reserves.

Resultant Annual Savings

26. The December report included the table below showing the range of anticipated resultant annual savings:

Element	4%	Potential
Phase 1	£1.058m	£1.058m
No 'client' functions	£0.127m	£0.127m
Phase 2	£0.280m	£0.560m
Total	£1.465m	£1.745m

27. The benefit of the resultant annual savings is still to be allocated on the basis of a 75%:25% split (CC:CFRS). This was shown in the December report as leading to the following anticipated resultant annual savings for CFRS (between £367k and £436k):

Resultant Annual Savings	Total	CC 75%	CFRS 25%
4%	£1.465m	£1.098m	£0.367m
Potential	£1.745m	£1.309m	£0.436m

28. These figures were indicative, but considered to be achievable. However, it was acknowledged that some decisions could have an impact on the resultant annual savings, e.g. how the relationship would be managed, what level of service was required etc.

What has changed?

29. The decision to retain Sadler Road will mean that there are no savings for CFRS as the site will cost more to run than CFRS's share of the resultant annual savings.

Progress

30. There has been a great deal of progress on the BLC Programme. CC and CFRS have worked together to challenge and refine aspects of the BLC Programme and this has led to changes to it.
31. The next quarter will see detailed work to create structures and define service levels come to fruition. This should ensure that CC and CFRS have confidence in the new joint corporate services.
32. The decision to retain the Sadler Road site has a significant impact, but will deliver a better outcome for CFRS.

Legal Implications

33. The December report confirmed the legal basis for the BLC Programme. It will be necessary to review the position in relation to the BLC Programme as it progresses to ensure that all legal issues are suitably covered. It is anticipated that the implementation costs will now need to be funded from reserves on the agreed basis i.e. 25% payable by CFRS.

Financial Implications

34. The financial aspects of the BLC Programme are covered in the body of this report.

Equality & Diversity Implications

35. Equality and diversity implications are being managed as the BLC Programme develops.

Environmental Implications

36. The BLC Programme includes an objective concerned with the environment, i.e. reducing waste and reducing the carbon footprint.

BACKGROUND PAPERS: None